

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

May 31, 2015

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", with a long, sweeping horizontal line extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW

May 31, 2015

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$85.5 million. Its balance decreased \$2.7 million in the month primarily due to monthly operating cost, purchases of fixed assets and repayment of National Credit Union Share Insurance Fund long-term note payable. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts receivable had a month-end balance of approximately \$1.5 million. Its balance decreased by approximately \$2.0 million in the month primarily due to the receipt of annual operating fees.

Deferred revenue had a month-end balance of approximately \$46.0 million. Its balance decreased by approximately \$6.6 million in the month due to the recognition of operating fee revenue.

Obligations under capital leases had a month-end balance of approximately \$2.1 million. Its balance increased by approximately \$1.2 million due to current month recognition of laptop refresh lease obligations.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$509 thousand and net income year-to-date was \$3.7 million. Interest income on overnight investments has averaged 0.02% year-to-date, versus 0.02% during the same period last year.

Statements of Cash Flow

The cash position decreased approximately \$2.7 million since last month. In the current month approximately \$1.7 million was used for operating expenses. Approximately \$1.2 million was invested in new capital assets. Approximately \$112 thousand in cash was used to reduce or repay the National Credit Union Share Insurance Fund note payable long-term liability, which has a balance of \$11.2 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$10.0 million or 8.7%, compared to being under the year-to-date budget by approximately \$9.7 million or 8.7% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$1.6 million or 2.0%. Travel cost were under budget by \$2.3 million or 19.0%. Contract services cost was under budget by \$3.3 million or 30.3%. The under budget amounts for travel and contract services are due to the use of straight line estimates used in this report. Actual costs will more clearly align with budgeted costs as the year progresses. The remaining expense categories combined were under budget by \$2.8 million or 30.1%.

The average annualized travel spend per Full-Time Equivalent (FTE) was \$19,294 this year, which is \$1,165 more than last year.

Vacancies

The Agency had 40 vacancies as of this month—up 1 from the prior month. Of the 40 vacancies, 9 were in the central office and 31 were in the regions and the Asset Management and Assistance Center (AMAC). The 40 vacancies represent 3.2% percent of total authorized staff of 1,268.70.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of May 31, 2015
(Dollars in thousands)

	May 2015	May 2014
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 85,528	\$ 84,084
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	52	7
EMPLOYEE ADVANCES	38	360
OTHER ACCOUNTS RECEIVABLE , Net	1,479	498
PREPAID EXPENSES AND OTHER ASSETS	2,636	1,490
ASSETS HELD FOR SALE	-	-
FIXED ASSETS — Net of accumulated depreciation of \$29,860	33,042	29,743
INTANGIBLE ASSETS — Net of accumulated amortization of \$16,635 as of May 31, 2015	2,037	3,093
TOTAL ASSETS	\$ 124,812	\$ 119,275
LIABILITIES		
Accounts payable	\$ 2,902	\$ 3,393
Obligations under capital leases	2,068	59
Accrued wages and benefits	10,072	9,203
Deferred revenue (1)	46,021	45,427
Accrued annual leave	15,469	14,571
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	11,174	12,515
TOTAL LIABILITIES	87,706	85,168
FUND BALANCE	37,106	34,107
TOTAL LIABILITIES AND FUND BALANCE	\$ 124,812	\$ 119,275

(1) The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Periods Ended May 31, 2015 and May 31, 2014
(Dollars in thousands)**

	May 2015	Year-to-Date May 2015	Year-to-Date May 2014
REVENUES			
Operating fees	\$ 6,509	\$ 32,809	\$ 32,448
Interest	1	4	6
Other	98	496	498
Total Revenues	6,608	33,309	32,952
EXPENSES, NET (1)			
Employee wages and benefits, net	4,421	22,882	23,776
Travel	821	2,787	2,913
Rent, communications, and utilities	90	380	536
Contracted services	467	2,147	2,328
Depreciation and amortization	545	2,464	2,456
Administrative	(245)	(1,029)	(687)
Total Expenses	6,099	29,631	31,322
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	509	3,678	1,630
FUND BALANCE—Beginning of period	36,597	33,428	32,477
FUND BALANCE—End of period	\$ 37,106	\$ 37,106	\$ 34,107

(1) Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate set by the board of 71.8% and 69.2% for 2015 and 2014, respectively.

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF CASH FLOWS
For the Periods Ended May 31, 2015 and May 31, 2014
(Dollars in thousands)

	May 2015	Year-to-Date May 2015	Year-to-Date May 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 509	\$ 3,678	\$ 1,630
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	545	2,464	2,456
Provision for loss on disposal of employee residences held for sale	11	47	-
(Gain) loss on fixed asset retirements	-	11	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	35	3,457	3,306
Employee advances	9	24	(322)
Other accounts receivable	2,036	(1,157)	(295)
Prepaid expenses and other assets	(150)	(491)	(112)
(Decrease) increase in liabilities:			
Accounts payable	1,048	(3,696)	(1,325)
Accrued wages and benefits	792	(2,801)	(2,153)
Deferred revenue	(6,579)	46,021	45,427
Accrued employee travel	-	(491)	(1,068)
Net cash (used) or provided by operating activities	(1,744)	47,066	47,544
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(1,180)	(2,343)	(814)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	384	596	-
Net cash used by investing activities	(796)	(1,747)	(814)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(559)	(559)
Principal payments under capital lease obligations	1	(172)	-
Net cash used by financing activities	(111)	(731)	(559)
NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS	(2,651)	44,588	46,171
CASH AND CASH EQUIVALENTS—Beginning of period	88,179	40,940	37,913
CASH AND CASH EQUIVALENTS—End of period	\$ 85,528	\$ 85,528	\$ 84,084
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ 1,246	\$ 2,027	\$ -
Cash Payments for Interest	\$ 17	\$ 88	\$ 97

The balances in the statement above are preliminary and unaudited

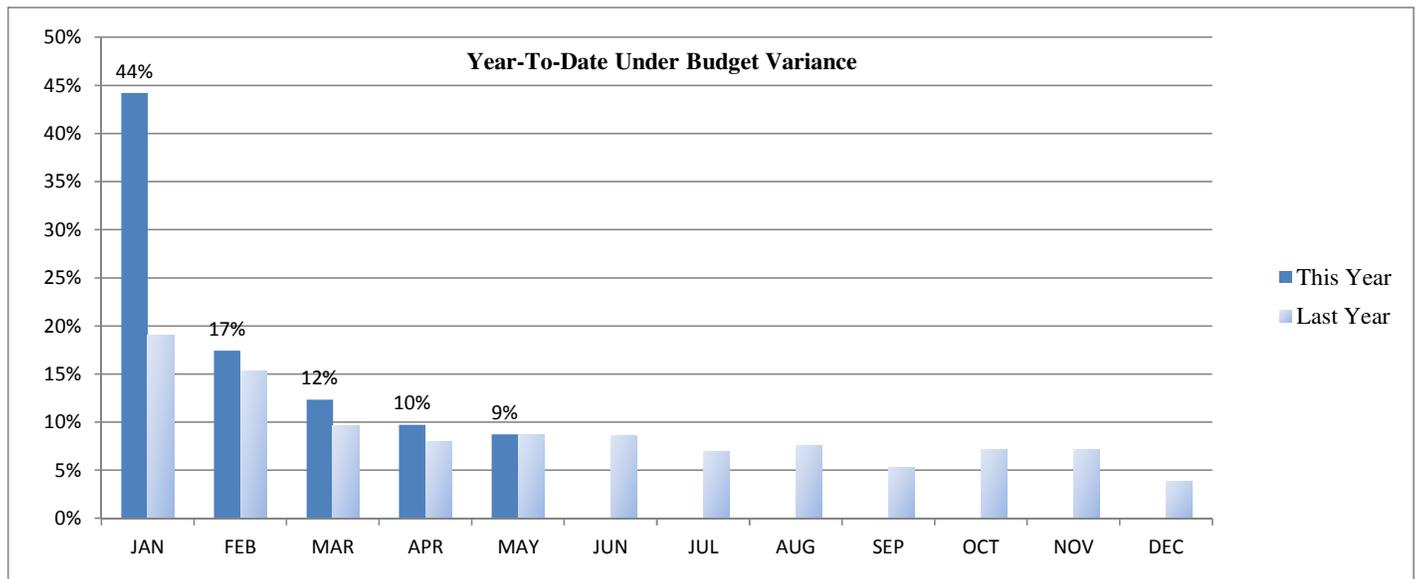
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)

As of May 31, 2015 and May 31, 2014

(Dollars in thousands)

	Year-To-Date 2015				Year-To-Date 2014			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	82,769	81,147	(1,622)	-2.0%	80,488	77,211	(3,277)	-4.1%
Travel	12,204	9,882	(2,321)	-19.0%	11,936	9,272	(2,663)	-22.3%
Rent, Comm., & Utilities	2,405	1,348	(1,057)	-43.9%	2,339	1,739	(600)	-25.7%
Administrative	6,806	5,088	(1,718)	-25.2%	6,409	5,741	(668)	-10.4%
Contracted Services	10,911	7,601	(3,310)	-30.3%	10,056	7,556	(2,501)	-24.9%
TOTAL	115,095	105,066	(10,029)	-8.7%	111,229	101,519	(9,709)	-8.7%



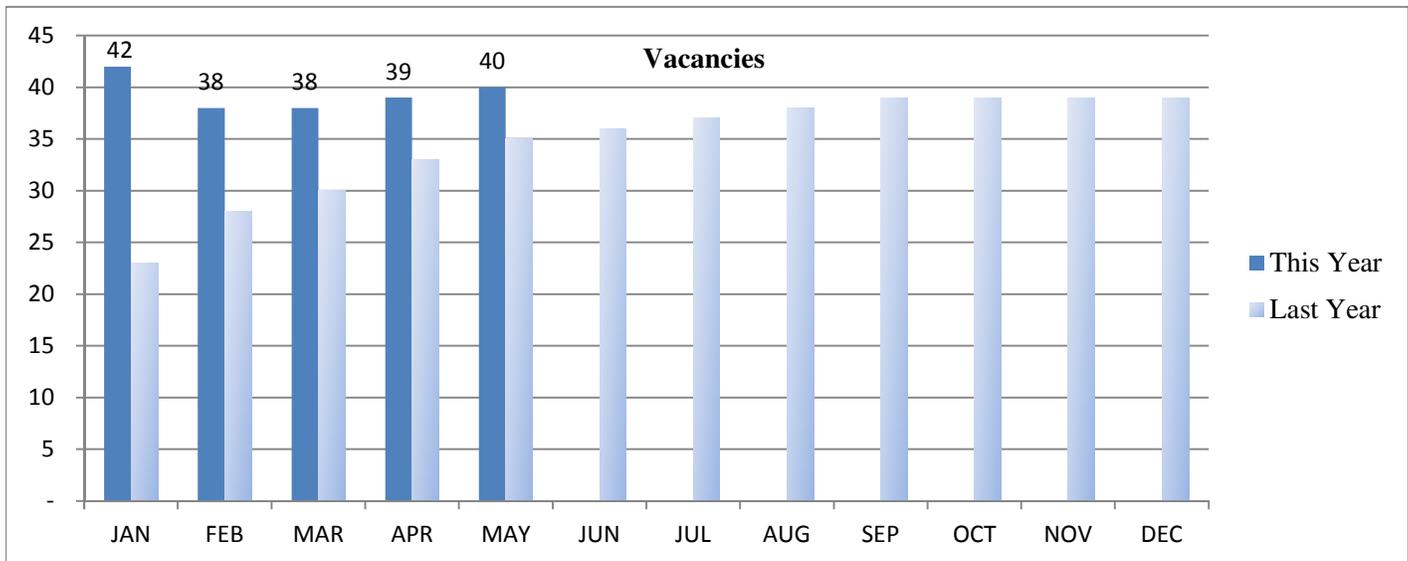
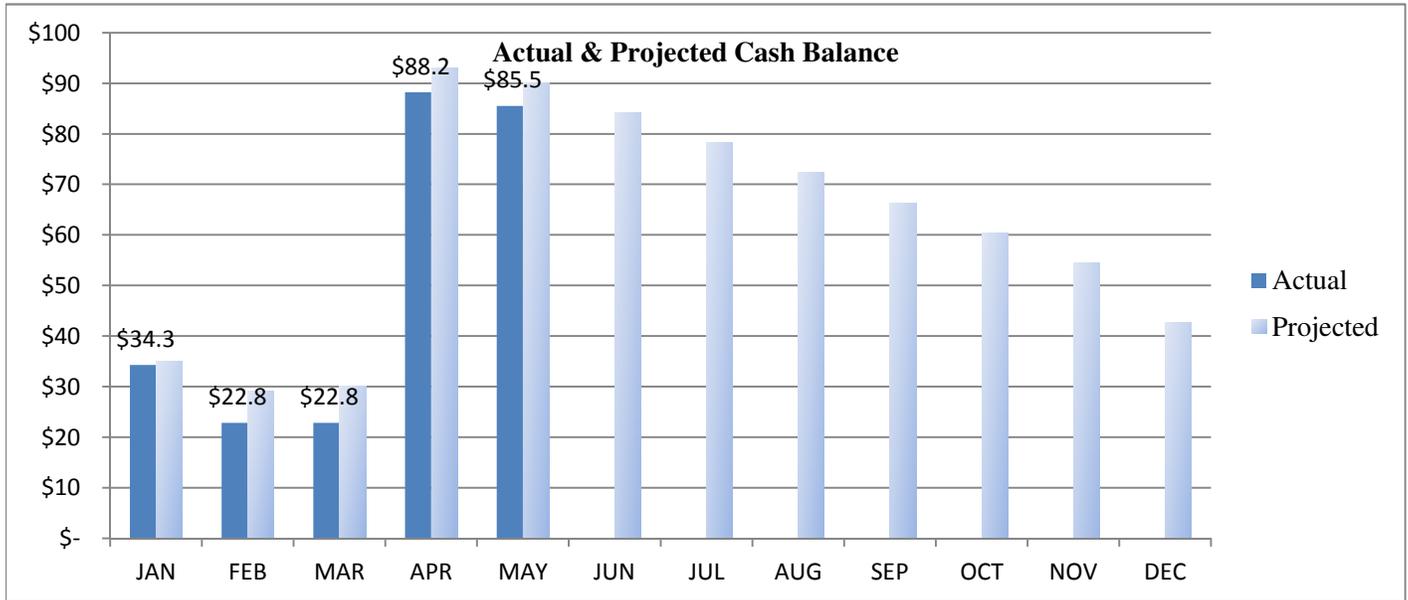
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of May 31, 2015 and May 31, 2014



	5/31/2015	5/31/2014
Fund Balance / Total assets	29.73%	28.60%
YTD interest income to average investments (annualized)	0.02%	0.02%
Annualized travel spend per employee	\$19,294	\$18,129
Net year to date cash inflow (outflow) in millions of dollars	\$45	\$46
Cash and overnight investments / Total assets	68.53%	70.50%
Overhead transfer rate	71.80%	69.20%

The balances in the supplement above are preliminary and unaudited